

OFFICE OF THE GENERAL COUNSEL
Division of Operations-Management

MEMORANDUM OM 04-15

December 22, 2003

TO: All Regional Directors, Officers-in-Charge,
Resident Officers, Supervisory Compliance Officers and
Compliance Officers

FROM: Richard A. Siegel, Associate General Counsel

SUBJECT: Recording of Back Pay for the Agency Financial Statement

Beginning with Fiscal Year 2004, the Agency is required to prepare a Financial Statement pursuant to *The Accountability of Tax Dollars Act of 2002*. Under the applicable guidance, it will be necessary to include footnotes in the Financial Statement describing the Agency's receipt and disbursement of certain back pay payments. This new responsibility will require Regional Offices to maintain uniform records describing the receipt and disbursement of checks involving back pay or remedial reimbursement.

The final details of this requirement were not clarified until after the beginning of this fiscal year; however the report that we file in October 2004 must include information regarding each Region's receipts and disbursements starting on October 1, 2003. **Accordingly, each Region must immediately establish a system to record the receipt of back pay checks and any other reimbursement checks received on behalf of a charging party or discriminatee.¹**

In order to comply with the requirements of *The Accountability of Tax Dollars Act of 2002*, each year, the Agency will be reporting the number and total value of checks being held in the Regional Office on the last day of the reported fiscal year and the last day of the prior fiscal year. In addition, the Agency must report the "flow" of money disbursed, which is the number and total amount of checks recorded by relevant case name and number, that are handled by the Regions each year.

Record Keeping

Since the Agency's financial statement will be audited before the report is prepared each year, it will be necessary to submit Regional information to the Finance Branch on a quarterly basis. A copy of a spreadsheet developed for this

¹ A national system to automate the records is being prepared; however, in order to preserve current information, Regions should immediately establish systems to collect the information.

purpose is attached.² Regions should take care to review the information in the spreadsheets regularly to ensure their accuracy.

Your Regional spreadsheet should report the total amount of money and the number of checks delivered to the Region by a charged party or respondent, payable to individual discriminatees or any other entity. Treasury checks received from the Agency Finance Branch that are received by the Region for disbursement should also be recorded. Checks that are sent out and returned to the Region as a result of an incorrect address or other mistake should **NOT** be entered into the system a second time. The system should record the number of checks and the total amount of monies received in formal compliance cases, cases involving informal settlements and non-Board adjustments. Checks that are distributed directly from the Charged Party to the discriminatee or other claimant should not be recorded. At the end of each quarter, beginning with December 30, 2003, the Region will be required to do a physical review of the checks in its possession and report the number of checks, and the total value of checks in the Region on that date to the Finance Branch. For auditing purposes, photo copies of the checks that are present in the Regional Office at the end of the each quarter should be maintained in a separate file.

The Region's systems should include, for the period October 1, 2003 forward, the following information about back pay received and disbursed:

- Dates the checks were received
- Case numbers
- Case names
- The total net amount of the checks received from Charged Parties or Respondents
- The total net amount of the checks received from Finance Branch Treasury Accounts for disbursal
- The total amount of monies coming into the Region for disbursal

Thus, for instance, if a Respondent were to provide the Region with 10 checks equaling \$12,000, the 10 checks would be counted among the net amount of checks received from "Respondent issued checks" and the \$12,000 would be added into the total amount of monies coming into the Region for disbursal.

In addition, from a review of case files and other relevant records, the Region should determine, to the extent possible, the number of checks on hand as of September 30, 2003, and their value. As noted above, this information will be necessary to complete the FY 2004 financial statement. At the end of each

² The information about the checks on hand at the end of the quarter is independent of the information about the money received in the Regional Office; therefore the totals will not necessarily match.

quarter, a copy of the spreadsheet should be e-mailed to Karl Rohrbaugh, Chief, Finance Branch, and your Operations-Management representative.

The attached sample spreadsheet may be used by the Region to capture the necessary information. Additional data categories may be added to the spreadsheet at the discretion of the Region; however, the information listed above must be included in any system of records maintained for this purpose. At the end of each quarter, until a national automated system is established, Regions will be asked to forward their spreadsheets to the Finance Branch.

Documentation

During the audit process, Regional Offices may be asked to provide documents from the case files, including copies of the checks and correspondence to verify the spreadsheet information. While all Regions have local procedures in place to record the receipt and disbursement of money received, our obligations under *The Accountability of Tax Dollars Act of 2002* make it very important to retain an accurate and easily available record of checks that have been disbursed, and confirmation that the money has been properly disbursed. Accordingly, Regional managers and compliance staff are encouraged to review their existing practices and make appropriate modifications. For example, it may be useful to maintain a separate file containing only duplicate copies of the backpay checks, transmittal letters and documents that reflect the amount to be paid for the items listed in the spreadsheet for verification purposes.

If you have any questions concerning this matter, please contact Assistant to the General Counsel Shelley Korch, or Karl Rohrbaugh, Chief of the Finance Branch.

/s/
R. A. S.

[Attachment](#)

Release to the Public

cc: NLRBU

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